

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814
<http://www.dgs.ca.gov/opsc>



Date: May 20, 2005

To: Interested Parties

Subject: **NOTICE OF THE STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on Friday, June 3, 2005 (9:30 am - 3:30 pm) in Rooms 72.149B& 72.148C of the East End Complex Building, located at 1500 Capitol Avenue in Sacramento.

The Implementation Committee's proposed agenda is as follows:

1. Convene Meeting
2. Discussion of Residual Modernization Grants as directed by the State Allocation Board on May 3, 2005.
3. Discussion of the Financial Hardship Equity Issues as directed by the State Allocation Board on May 3, 2005.
4. Implementation of Assembly Bill 1465, Chapter 894, Statutes 2004 (Chan) -
Discussion of the Small High School Pilot Program for new construction and modernization.

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Ms. Jackie George at (916) 445-3159.

A handwritten signature in black ink that reads "MAVONNE GARRITY".

MAVONNE GARRITY, Chairperson
State Allocation Board Implementation Committee

MG:LM:jg

STATE ALLOCATION BOARD

1130 K Street, Suite 400

Sacramento, CA 95814

<http://www.dgs.ca.gov/opsc>**Implementation Committee
2005 MEETING CALENDAR****Thursday, January 6, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, February 11, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, March 4, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, April 8, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, May 6, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, June 3, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, July 8, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, August 5, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, September 9, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, October 7, 2005**1020 N Street (Leg. Off. Bldg.), Room 100
Sacramento, CA**Friday, November 4, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA**Friday, December 2, 2005**1500 Capitol Ave. Rms. 72.149B & 72.148C
Sacramento, CA

Meeting times are scheduled from 9:30 am to 3:30 pm with a 1-hour lunch break.

Meeting times, dates and locations are subject to change.

**State Allocation Board
Implementation Committee
June 3, 2005**

RESIDUAL MODERNIZATION GRANTS

PURPOSE

To discuss issues related to the report entitled *Residual Modernization Grants*, which was presented at the May 3, 2005 meeting of the State Allocation Board (SAB).

BACKGROUND

As a result of various dynamics described in the attachment, a number of school districts have unused per-pupil grant eligibility remaining in their modernization baseline (termed “residual” modernization grants). At the May 3, 2005 SAB meeting, in response to information requested at the February 2005 meeting of the SAB, the OPSC presented the above-mentioned report. The report addressed these residual grants, and the concept of using them for modernization projects on school sites other than the sites that generated them. Much of the information in this item is derived from the report, which is attached for reference purposes.

AUTHORITY

Education Code (EC) Section 17074.10 stipulates the funding amounts, and provides funding for a site’s buildings contingent upon:

- Age (permanent buildings must be at least 25 years old; portables at least 20);
and
- Whether or not the buildings have been previously modernized with state funds.

DISCUSSION

A fundamental tenet at the inception of the School Facility Program (SFP) was that modernization eligibility generated at a specific site represents the actual need at that site. There was an emphasis when the program and regulations were developed that the modernization funds be spent at the site for which the eligibility was generated. Only project savings were permitted to be expended on other high priority capital projects in the district.

Board Concerns

Early in the SFP modernization program and as recently as May 2005, the SAB voiced concerns that these fundamental principles of modernization eligibility were being weakened. In the past, some school districts were creating projects which were not commensurate with the amount of pupil grants requested for modernization of the site. These projects could ostensibly generate substantial savings, which could in turn be expended on alternate sites in the district. Therefore, a significant amount of grant funds were not being spent on the site that generated them. The SAB addressed this by the implementing the “60 percent commensurate requirement,” which ensures actual construction work is at least 60 percent of the project budget.

The OPSC has recently received requests to permit the transfer of remaining modernization eligibility grant funds from one site to another. This concept appears to be in direct conflict with both the law and earlier concerns addressed by the Board on the use of modernization funds. However, the current Board requested that the pitfalls and possible benefits of this issue be explored by the SAB Implementation Committee.

Modernization Eligibility Determination

The SFP provides modernization funding on a site specific basis. Eligibility is generated by facilities once they reach 25 years of age, if permanent, or 20 years of age, if portable. Once eligibility is established, it can be adjusted for additional buildings that have come of age and/or for increased enrollment.

Viability of Small size Projects

For the SAB report, staff researched the number of projects that have been submitted to the Office of Public School Construction with less than 200 pupils, and found that numerous small size projects have been submitted for funding since the inception of the SFP. Please refer to the attachment for details on number and apportionment range for those projects. It is also important to note that there are special provisions in the regulations that recognize a small project under 200 pupil grants. These provisions provide an additional small project allowance to address the economy of scale costs for a project based on a small number of pupil grants. The minimum additional project allowance is 12 percent for projects under 101 pupils, and four percent for projects with between 101 and 200 pupils.

Inequity Within the District

Allowing districts to take modernization grants from a qualifying site and use those funds on an alternate school site could create issues of inequity issues within a district. It would allow for enhanced modernization funding at select sites, while, at the same time, leaving the qualifying site without some of the funds required to address its modernization needs, since the buildings that generated the modernization eligibility will not qualify for modernization again for another 20 to 25 years. Though it may be considered practical to combine the comparatively smaller grant amounts from these building for purposes of completing a higher priority project today, a lot of deterioration can occur in the qualifying buildings in 20 to 25 years. In other words, the transferring of grant funds may ultimately prove to simply be a means of deferring costs by robbing funds from future projects to meet a district's current capital facility needs.

Duplication of Grant Funding

Transferring of grants from one site to another could allow a duplication of modernization grant funding at selected sites, since the buildings which would receive the transferred grants may have already been modernized with state funds. This would be in direct conflict with EC 17074.10, which limits modernization to once every 25 or 20 years.

RECOMMENDATION

To obtain comments and feedback on the subject matter and report those findings to a future meeting of the State Allocation Board.

ATTACHMENT

REPORT OF THE EXECUTIVE OFFICER State Allocation Board Meeting, May 3, 2005

RESIDUAL MODERNIZATION GRANTS

PURPOSE OF REPORT

To present a report to the State Allocation Board (SAB) regarding the utilization of residual modernization grants on school sites other than the site that generated the modernization eligibility.

BACKGROUND

At the February 2005 SAB meeting, the Board requested information regarding remaining modernization grants that were not utilized by the school district for its modernization project and the viability for a district to use these residual grants at other school sites that did not generate the eligibility.

AUTHORITY

Education Code Section 17074.25 states, "A modernization apportionment may be used for an improvement to extend the useful life of, or to enhance the physical environment of, *the school* (emphasis added)."

SFP Regulation, Section 1859.79.2 cites that modernization funding, with the exception of savings, is limited to expenditures on the specific site where the modernization grant eligibility was generated.

SFP Regulation Section 1859.103 states that a district may expend the savings not needed for a project on other high priority capital facility needs of the district. For non-financial hardship districts, SFP Regulation Section 1859.103 further states that the State's share of any savings from a modernization project may be used as a District matching share requirement only on another modernization project.

DESCRIPTION

The SAB, through the SFP, provides modernization funding on a site specific basis for districts with schools that qualify for modernization. To qualify, permanent buildings must be at least 25 years old and portables at least 20 years old. The eligibility is generated on a per building basis.

As a result of the following dynamics, various school districts have residual or additional modernization grants in their modernization baseline:

- Additional buildings on the site become of age (25 and 20 years) after the date when the original modernization baseline was established.
- Buildings that were previously modernized 25 years ago for permanent classrooms or 20 years ago for portable classrooms (i.e., under the Lease-Purchase Program) again become eligible for modernization funds.
- Increased enrollment at the site.
- School districts periodically complete modernization projects without utilizing all of the available modernization eligibility (pupil grants) generated for that site.
- The need to comply with the "60 percent commensurate" requirement, which will occasionally necessitate a reduction in the number of pupils used, to bring the ratio of actual construction work within 60 percent of the project budget. The regulations require school districts to maximize modernization grants by assuring that 60 percent of the grants being requested are being fully utilized for construction costs at the site which generated the grants. Early in the program, the Board was concerned that school districts were generating a substantial amount of savings, which were then being spent on other capital projects and were not being spent on the site that generated the grants.

DESCRIPTION (cont.)

While a district may believe that they cannot move forward with a project because the amount of residual modernization pupil grants is minimal or because they believe the modernization work has been completed, a district has the ability of receiving additional modernization pupil grants, as described above. If the modernization eligibility was transferred to another site and the need arose to modernize a building at the original site, the district would not have any eligibility to modernize these facilities.

STAFF COMMENTS

A fundamental tenet at the conception of the SFP was that modernization eligibility generated at a specific site represented the actual need at that site. There was an emphasis when the program and regulations were developed that the modernization funds be spent at the site for which the eligibility was generated. It would be inequitable to use modernization grants generated at one site on another site, as buildings that generated the modernization eligibility will not qualify for modernization again for another 20 to 25 years. To allow the transfer of modernization grants from one site to another may benefit some schools while being detrimental to the useful life of the schools where the eligibility was established. In some cases, the schools receiving the "transferred" grants may be in effect receiving a duplication of SFP funds if that campus has already received its maximum modernization eligibility.

It has been claimed that districts have not utilized residual modernization eligibility in their baseline because the eligibility is not enough to move forward with a project. Staff has researched the number of projects that have been submitted to the Office of Public School Construction with less than 200 pupils, and have found that numerous small size projects have been submitted for funding since the inception of the SFP. The findings are as follows:

	Number of Projects	Range of Apportionments
Projects with 100 Pupils or Less*	353	\$ 2,722 to \$ 1,158,296
Projects with 101 – 200 Pupils	472	\$ 147,772 to \$ 1,979,746

* Smallest Project Funded was for One Pupil Grant (State Apportionment \$ 2,722)

There are provisions in the regulations that recognize a small project under 101 pupil grants. These regulations provide an additional small project allowance to address the economy of scale costs for a project based on a small number of pupil grants.

RECOMMENDATION

Accept this report.

BOARD ACTION

This report was accepted by the State Allocation Board on May 3, 2005, with a request that the issue be discussed further by the SAB Implementation Committee.

STATE ALLOCATION BOARD
IMPLEMENTATION COMMITTEE
JUNE 3, 2005

Financial Hardship Equity Issues

PURPOSE

To discuss the Financial Hardship Equity Issues.

BACKGROUND

A report on Financial Hardship Equity Issues (see attached) was presented to and accepted by the State Allocation Board (SAB) at the May 3, 2005 meeting. The report discussed several situations of inequity and possible remedies. The SAB requested that the report be taken to the Implementation Committee for further discussion.

The SAB also requested that the Implementation Committee discuss possible negative impacts to Financial Hardship districts under the current Financial Hardship regulations.

DISCUSSION

The Office of Public School Construction would like to solicit Implementation Committee comments and feedback in relation to the Financial Hardship Equity Issues report and the possible negative impacts to Financial Hardship districts under current Financial Hardship regulations.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, May 3, 2005

FINANCIAL HARDSHIP EQUITY ISSUES

PURPOSE OF REPORT

To present a report regarding the trends in financial hardship requests for the School Facility Program (SFP).

BACKGROUND

At the February 2005 State Allocation Board (SAB) meeting, Board members requested information regarding the timing of financial hardship approvals and the equity of the funding distribution. It was requested that the Office of Public School Construction (OPSC) provide information on the trends in financial hardship requests.

AUTHORITY

Education Code Section 17075.15 (see attachment) and the SFP Regulation Section 1859.81(c)(1-4) outlines the requirements for a project to receive financial hardship status. This regulation states that a district must demonstrate reasonable effort to fund its matching share by levying the maximum developer fee justified by law and must meet at least one of the following criteria by having:

- Current school facility related indebtedness of at least 60 percent of its total bonding capacity;
- Accomplished a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status;
- An application from a County Superintendent of Schools;
- Total bonding capacity at the time of the request for financial hardship status is \$5 million or less; or
- Other evidence of reasonable effort as approved by the SAB.

DISCUSSION

The financial hardship regulations have been in existence since the inception of the SFP. Originally, the regulations were less specific and had minimal requirements. As the program progressed and more data became available, it was apparent that the regulations required modification to provide more evidence of local financial effort. Those regulatory amendments were approved in December 2001 and were later codified (see attachment). Although these amended regulations and statutes were implemented, it appears that school districts continue to find creative avenues to meet the financial hardship criteria, which may be causing funding advantages.

Over the course of several years of financial hardship reviews, Staff has become aware of several trends as described below. Staff has also identified potential measures to ensure an equitable distribution of financial hardship funds.

1. **Observation:** Under current regulations after the initial request for financial hardship status is granted, no further encumbrances of existing capital facility funds are approved by the OPSC, and all prospective capital facility revenue is deemed available on the subsequent financial hardship review. The regulations provide for an exception to this requirement if the district does not file a financial hardship request for a period of three years from the date of the district's latest financial hardship adjusted grant apportionment.

Under this three-year provision, some districts receive SFP financial hardship approval for up to 100 percent State funding of their projects, and then later issue Certificates of Participation (COP) and other funding mechanisms that are not recognized as district contribution towards their previously funded SFP projects. These districts appear to simply wait to file subsequent SFP funding applications until after the three years lapse from the date of their last adjusted grant funding apportionment. As a result, the COP or other district funds are exempt from contribution to the previous or future SFP projects.

(Continued on Page Two)

DISCUSSION (cont.)

Potential Measure: Extend the three-year time period currently specified in the SFP regulations to five or more years. This would not eliminate the concern but would minimize the districts' lack of financial contributions. Albeit districts can only manage so many construction projects in any given period of time, most districts could not wait several additional years to build and modernize their facilities. As a result, more funds would be recognized as available towards the districts' share of their projects, thus reducing the demand on State financial hardship funding.

2. **Observation:** Existing law permits school districts to garner SFP new construction eligibility based on augmentations to their enrollment projections. The anticipated pupils that will reside in dwelling units indicated on approved tentative subdivision maps are used for this augmentation. This ability allows schools districts to plan ahead and build schools before or in time of the students' arrival. Because the districts can file for eligibility before the housing units are built, their SFP funding application and financial hardship review precedes the collection of developer fees which occurs later as the construction permits are issued. This results in the OPSC not being able to recognize the developer fees that could be used for the districts' matching share of their SFP projects.

Potential Measure: Offset the State's financial hardship apportionment to account for the developer fees collected and any other capital facility income received for a specified period of time. Given the SFP eligibility and funding is provided well in advance of the construction of the residential housing, the match period would likewise need to continue for a commensurate period of time.

3. **Observation:** One of the ways to qualify for financial hardship is to have a current school facility related indebtedness of at least 60 percent of a districts' total bonding capacity. It has become an apparent pattern that some districts are securing a COP or other debt instrument in order to just meet the 60 percent threshold and then encumber those funds before submitting a financial hardship request. It would appear that this is occurring so those districts can qualify for financial hardship under the SFP.

Potential Measure: Increase the 60 percent bonding capacity to a higher percentage and do not permit districts to encumber recent indebtedness. Under previous State School Building Aid Fund programs, districts were required to have 90 to 95 percent bonded indebtedness in order to qualify for the State funding for the districts' matching share.

4. **Observation:** At times when SFP funding is unavailable, districts are permitted to obtain temporary or so-called "bridge", financing to proceed with their building or modernization projects until State funds became available. The intent was to "bridge" the period of time without State funding and to retire the debt instrument once the districts receive reimbursement from the State. However, some districts are choosing to accept the reimbursement from the State but utilize the funds for other capital facilities purposes rather than retire the debt instrument used to fund the SFP project. The districts maintain the debt, so they continue to meet the 60 percent indebtedness and subsequently request financial hardship status for their other SFP projects without having to use the unpaid portion as district contribution.

Potential Measure: For purposes of determining eligibility for financial hardship funding, recognize the reimbursed amount as being applied to the debt and determine the corresponding revised percentage of indebtedness.

(Continued on Page Three)

DISCUSSION (cont.)

5. **Observation:** Districts control the timing for their initial financial hardship submittal in order to encumber available funds prior to their review. As a result, the OPSC cannot recognize these funds as available for contribution towards their SFP financial hardship projects. This permits the districts to utilize available funds for other district priorities and then receive up to 100 percent State funding for their SFP project.

Potential Measure: Do not recognize any capital project related encumbrances within one year of the initial financial hardship request. Require districts to produce contracts and/or invoices dated one year prior to the financial hardship review in order for funds to be considered encumbered.

The OPSC suggests further exploration into these areas to determine if process, regulatory and/or statutory modifications may be appropriate.

RECOMMENDATION

Accept this report.

BOARD ACTION

This report was accepted by the State Allocation Board on May 3, 2005, with a request that the issues and potential solutions be discussed further by the SAB Implementation Committee. The discussion should also include the adequacy of financial hardship assistance for the construction of small schools.

ATTACHMENT

State Allocation Board Meeting, May 3, 2005

CALIFORNIA CODES
EDUCATION CODE
SECTION 17075.15

17075.15. Source and amount of funding; regulations

(a) From funds available from any bond act for the purpose of funding facilities for school districts with a financial hardship, the board may provide other construction, modernization, or relocation assistance as set forth in this chapter or Chapter 14 (commencing with Section 17085) to the extent that severe circumstances may require, and may adjust or defer the local financial participation, as pupil health and safety considerations require to the extent that bond act funds are provided for this purpose.

(b) The board shall adopt regulations for determining the amount of funding that may be provided to a district, and the eligibility and prioritization of funding, under this article.

(c) The regulations shall define the amount, and sources, of financing that the school district could reasonably provide for school facilities as follows:

(1) Unencumbered funds available in all facility accounts in the school district including, but not limited to, fees on development, redevelopment funds, sale proceeds from surplus property, funds generated by certificates of participation for facility purposes, bond funds, federal grants, and other funds available for school facilities, as the board may determine.

(2) The board may exclude from consideration all funds encumbered for a specific capital outlay purpose, a reasonable amount for interim housing, and other funds that the board may find are not reasonably available for the project.

(d) Further, the regulations shall also specify a method for determining required levels of local effort to obtain matching funds. The regulations shall include consideration of at least all of the following factors:

(1) Whether the school district has passed a bond measure within the two-year period immediately preceding the application for funding under this article, the proceeds of which are substantially available for use in the project to be funded under this chapter, but remains unable to provide the necessary matching share requirement.

(2) Whether the principal amount of the current outstanding bonded indebtedness issued for the purpose of constructing school facilities for the school district and secured by property within the school district or by revenues of, or available to, the school district, which shall include general obligation bonds, Mello-Roos bonds, school facility improvement district bonds, certificates of participation, and other debt instruments issued for the purpose of constructing school facilities for the school district and for which owners of property within the school district or the school district are paying debt service is at least 60 percent of the school district's total bonding capacity, as determined by the board.

(3) Whether the total bonding capacity, as defined in Section 15102 or 15106, as applicable, is five million dollars (\$5,000,000) or less, in which case, the school district shall be deemed eligible for financial hardship.

(4) Whether the application for funding under this article is from a county superintendent of schools.

(5) Whether the school district submits other evidence of substantial local effort acceptable to the board.

(6) The value of any unused local general obligation debt capacity, and developer fees added to the needs analysis to reflect the district's financial hardship, available for the purposes of school facilities financing.

SMALL HIGH SCHOOL FUNDING

PURPOSE

To implement Assembly Bill (AB) 1465, Chapter 894, Statutes of 2004 (Chan).

BACKGROUND

AB 1465 (see attached) created a pilot program that provides \$20 million for additional construction funding under the School Facility Program (SFP) for the purpose of constructing new small high schools and \$5 million for the reconfiguration of existing high schools into two or more smaller schools that would foster academic achievement and success in a small high school environment. A "Small High School", for purposes of this bill, is defined as a high school with an enrollment of 500 pupils or less.

Discussions regarding the implementation of the pilot program occurred at the March, April and May 2005 Implementation Committee meetings.

DISCUSSION

Funding

Staff originally proposed that the \$20 million for new construction be used for the increase to the per-pupil-grant only. At the May Implementation Committee meeting, the Department of Finance (DOF) representative indicated that the DOF interprets the law to reflect the \$20 million be used for both the increase to the per-pupil-grant as well as the increased State matching share amount. After further discussion with the DOF, Staff now proposes that the \$20 million be used for both the increase to the per-pupil-grant as well as the increased State matching share amount for total project costs. Staff is also recommending that the total project cost be defined in regulation to include all eligible costs except site acquisition. Site acquisition eligible costs will be funded at a 50 percent State and 50 percent local matching share ratio as provided in the SFP New Construction Program. State funding provided for site acquisition will be limited to a site size for no more than 500 pupils.

Filing Period

Due to the new method of funding Small High School Program projects, Staff proposes to eliminate the conceptual approval process as discussed at previous Implementation Committee meetings. This change is necessary due to limited funding resources and the inability to estimate total project costs for a reservation of AB 1465 funds.

Elimination of the conceptual approval process will require districts to submit a complete application package including Division of State Architect approved plans and specifications and California Department of Education plan and/or site approvals as required. In order to accommodate these new application requirements, Staff proposes that the final filing date to submit applications be September 30, 2006. It is anticipated that these projects will be presented for funding to the State Allocation Board (SAB) at the December 2006 or January 2007 meeting. See Attachment A for revised timeline.

Proposed Regulations

Staff has revised the proposed regulations to incorporate the changes as noted above. A summary of the proposed regulatory amendments is provided on Attachment B.

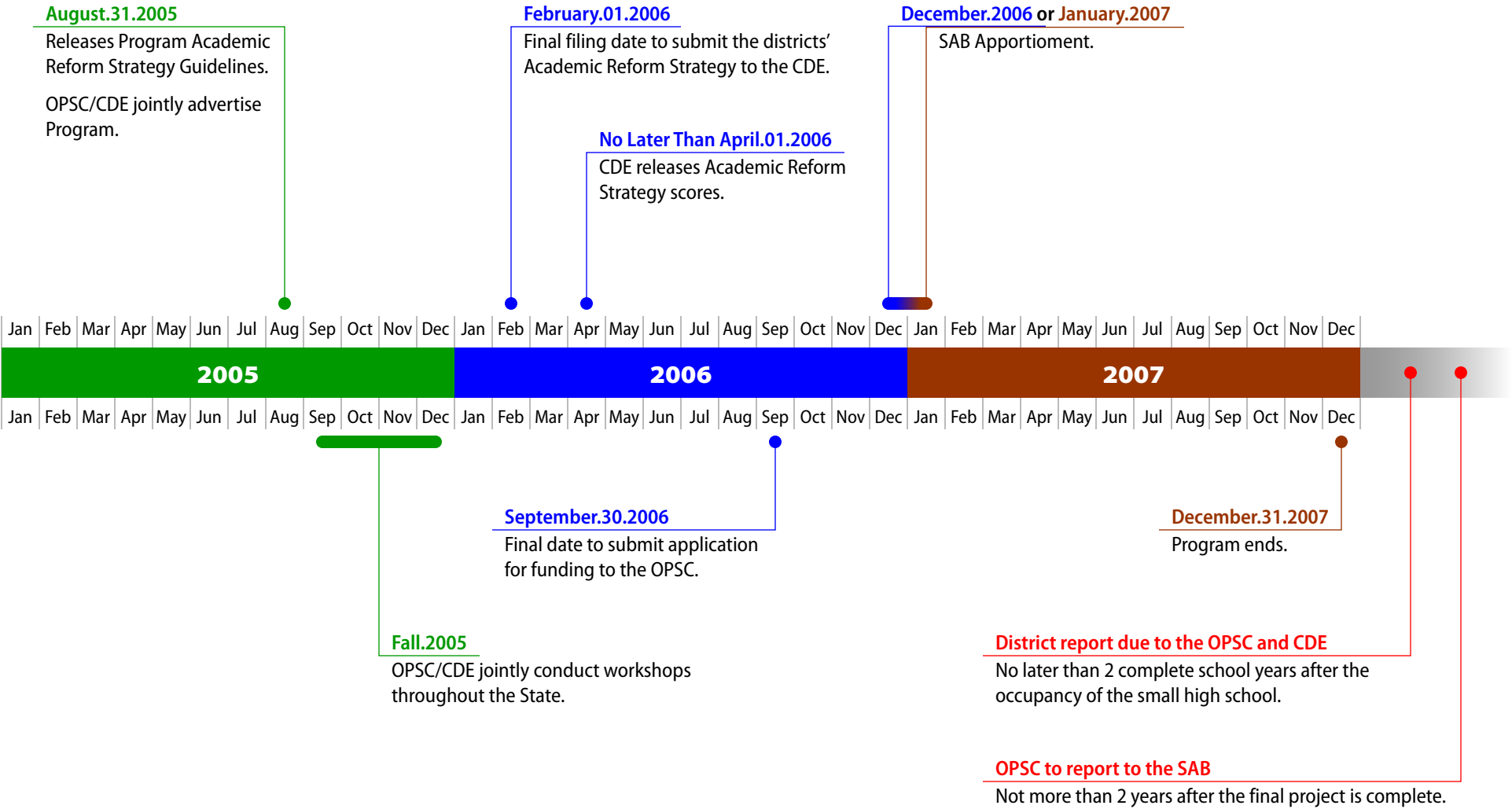
RECOMMENDATION

Present the revised proposed regulation changes to the June 22, 2005 SAB meeting (see Attachment C).

Attachment A

New Construction Application Timeline

Small High School Program (AB 1465)



ATTACHMENT B
Summary of Proposed Regulatory Amendments for the
Small High School Pilot Program
SAB Implementation Committee Meeting, June 3, 2005

**** Changes noted in Bold**

Subject	NC/ Mod	Proposed Change	Authority/Comments
DEFINITIONS "RECONFIGURATION" Reg. Section 1859.2	Mod	"Reconfiguration" for the purposes of the Small High School Program means a project to create new Small High Schools, on an existing high school which can include limited new construction as needed, and the work shall be considered one project regardless of the number of new high school entities created.	Ed. Code Section 17074.32 Define the type of project and work allowable under modernization as it pertains to the Small High School Program.
DEFINITIONS "SMALL HIGH SCHOOL" Reg. Section 1859.2	NC and Mod	"Small High School" for purposes of the Small High School Program means a high school with an enrollment of 500 pupils or less.	Ed. Code Section 17070.15.(m)
DEFINITIONS "SMALL HIGH SCHOOL PROGRAM" Reg. Section 1859.2	NC and Mod	"Small High School Program" means an Approved Application submitted pursuant to Education Code Section 17072.10(c) or 17074.32.	Ed. Code Section 17072.10(c) or 17074.32.
DEFINITIONS "TOTAL PROJECT COST" Reg. Section 1859.2	NC	"Total Project Cost" for purposes of the Small High School Program means the total eligible costs for new construction as authorized by these Regulations less any costs for site acquisition.	Ed. Code Section 17072.10.
ADJUSTMENTS TO THE MODERNIZATION BASELINE ELIGIBILITY Reg. Section 1859.61(j)	Mod	Require school districts to update their eligibility when reconfiguration has resulted in a change to their existing baseline.	Regulatory change per Ed. Code Section 17074.32(b)
AVAILABLE FUNDING FOR THE SMALL HIGH SCHOOL PROGRAM Reg. Section 1859.70.3	NC and Mod	Describes that the bill required the Board to set aside \$25 million for the Small High School Program. \$20 million for new construction and \$5 million for modernization Reconfiguration of large high schools.	Ed. Code Section 17072.10 and 17074.32
NEW CONSTRUCTION GRANT INCREASE FOR THE SMALL HIGH SCHOOL PROGRAM Reg. Section 1859.71.5	NC	New legislation requires that the new construction per pupil high school grant be increased to 120 percent for projects receiving funding in the pilot program. New construction projects funded under the pilot program will be funded at a 60/40 State and district matching share ratio of the Total Project Cost, which excludes site acquisition.	Ed. Code Sections 17072.10(c)(1) and 17072.32(b)

Subject	NC/ Mod	Proposed Change	Authority/Comments
NEW CONSTRUCTION ADDITIONAL GRANT FOR SITE ACQUISITION COST Reg. Section 1859.74	NC	Describes that the actual site cost or the appraised value will be reduced on a prorated basis by the amount that exceeds the recommended site size for 500 pupils as determined by the CDE.	Ed. Code Section 17072.10(c)
NEW CONSTRUCTION DISTRICT MATCHING SHARE REQUIREMENTS Reg. Section 1859.77.1	NC	New legislation requires that new construction projects funded under the pilot program be funded at a 60/40 State and district matching share ratio of the Total Project Cost, which excludes site acquisition.	Ed. Code Section 17072.32(b)
MODERNIZATION GRANT SEPARATE APPORTIONMENT FOR RECONFIGURATION UNDER THE SMALL HIGH SCHOOL PROGRAM Reg. Section 1859.78.9	Mod	New legislation requires that districts wishing to reconfigure larger high schools into two or more smaller high schools be given an additional grant not to exceed an aggregate of \$500,000 for the reconfiguration work.	Ed. Code Section 17074.32(a)
MODERNIZATION GRANT SEPARATE APPORTIONMENT FOR RECONFIGURATION UNDER THE SMALL HIGH SCHOOL PROGRAM Reg. Section 1859.78.9	Mod	New legislation requires that districts wishing to reconfigure larger high schools into two or more smaller high schools be given an additional grant not to exceed an aggregate of \$500,000 for the reconfiguration work.	Ed. Code Section 17074.32(a)
MODERNIZATION MATCHING SHARE REQUIREMENT Reg. Section 1859.79	Mod	New legislation provides an additional grant for reconfiguration work under the small high school program. This Modernization Grant is being treated as a Separate Apportionment and therefore will not be required to have a matching share requirement.	Ed. Code Section 17074.32(b)
USE OF MODERNIZATION GRANT FUNDS Reg. Section 1859.79.2(e)	Mod	The small high school program allows some limited new construction as necessary to complete the reconfiguration of an existing school site into two or more smaller high schools. This section specifically prohibits the use of regular modernization funds for reconfiguration work.	Ed. Code Section 17074.32(b)
EXCESSIVE COST HARDSHIP GRANT Reg. Section 1859.83(c)	NC	New small high schools must be built on a site with no existing facilities. Therefore, qualifying projects will be eligible to receive the Excessive Cost Hardship Grant for new school facilities.	Regulatory change per Ed. Code Section 17072.10(c)(1) This grant has been adjusted to reflect the difference in the grant amount between a regular 50/50 new construction project and a 60/40 Small High School project.

Subject	NC/ Mod	Proposed Change	Authority/Comments
NEW CONSTRUCTION ADJUSTED GRANT FOR THE SMALL HIGH SCHOOL PROGRAM Reg. Section 1859.93.2	NC	This section states the filing period and describes the criteria that must be met for a district to apply for funding under the Small High School Program.	Regulatory change per Ed. Code Section 17072.10(c)(1)
NEW CONSTRUCTION SMALL HIGH SCHOOL PROGRAM FUNDING ORDER Reg. Section 1859.93.3	NC	This section describes the funding priority that will be given to approved applications. This section also describes that no district will receive more than one apportionment and that any remaining funds shall be made available for any other eligible new construction projects	Regulatory change per Ed. Code Section 17072.10(c)(1) Necessary to meet the criteria established in legislation that the pilot program participants are broadly representative of Northern, Southern and Central Regions and Urban, Suburban and Rural areas of the State.
PROGRAM REPORTING REQUIREMENTS Reg. Section 1859.104(e)	NC and Mod	This section requires that evaluations be completed by the SAB and the CDE no later than two complete school years after the date of occupancy of the approved project. The evaluations are regarding academic performance and the costs of constructing small high schools vs. large ones.	Regulatory change per Ed. Code Section 17070.99.

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 05/05/06/05)

GENERAL INFORMATION

Once the Board has determined or adjusted the district's eligibility for either new construction or modernization funding, the district may file an application for funding by use of this form. The Board will only provide new construction funding if this form is submitted prior to the date of occupancy of any classrooms included in the construction contract. If the district has a pending reorganization election that will result in the loss of eligibility for the proposed project, the district may not file an application for funding until the Board has adjusted the district's new construction baseline eligibility as required in Section 1859.51. This may be accomplished by completion of Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03.

For purposes of Education Code Section 17073.25, the California Department of Education (CDE) is permitted to file modernization applications on behalf of the California Schools for the Deaf and Blind.

Requests for funding may be made as follows:

A separate apportionment for site acquisition for a new construction project for environmental hardship pursuant to Section 1859.75.1. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
- Contingent site approval letter from the CDE.
- Preliminary appraisal of property.
- Approval letter from the Department of Toxic Substances Control.

A separate apportionment for site acquisition and/or design costs for a new construction project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. Districts may apply for a separate apportionment for the design and for site acquisition on the same project. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02, and Form SAB 50-03 (if not previously submitted).
- Contingent site approval letter from the CDE (site apportionment only).
- Preliminary appraisal of property (site apportionment only).

A separate apportionment for district-owned site acquisition cost pursuant to Section 1859.81.2. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02, and Form SAB 50-03 (if not previously submitted).
- Site approval letter from the CDE.
- Appraisal of district-owned site.
- Cost benefit analysis as prescribed in Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.

A separate apportionment for design cost for a modernization project pursuant to Section 1859.81.1. This apportionment is available only to districts that meet the financial hardship criteria in Section 1859.81. For purposes of this apportionment, the Form SAB 50-03 must accompany this form (if not previously submitted).

A New Construction Adjusted Grant pursuant to Section 1859.70. If the funding request includes site acquisition, the proposed site must either be owned by the district, in escrow, or the district has filed condemnation proceedings and received an order of possession of the site. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03 (if not previously submitted).
- Site/plan approval letter from the CDE.
- Appraisal of property if requesting site acquisition funds.
- Plans and specifications (P&S) for the project that were approved by the DSA. Submittal of plans may be on CD-ROM or "Zip Drive" readable in AutoCAD 14. The specifications may be provided on a diskette that is IBM compatible.
- Cost estimate of proposed site development, if requesting site development funding.
- If this request is pursuant to Section 1859.77.2 and the district's housing plan is other than those listed in the certification section of this form, a copy of the school board resolution and the approved housing plan.
- If the site apportionment is requested pursuant to Regulation Section 1859.74.5, a cost benefit analysis as prescribed in Regulation Section 1859.74.6 or a copy of the Board finding that the non-school function on the district-owned site must be relocated.
- If this is a request for funding under the Small High School Program, pursuant to Regulation Section 1859.93.2, the district must also provide a CDE Small High School academic reform strategy approval.

Modernization Adjusted Grant pursuant to Section 1859.70. For purposes of this apportionment, the following documents must be submitted with this form (as appropriate):

- Form SAB 50-03 (if not previously submitted).
- P&S for the project that were approved by the DSA.
- DSA approval letter for elevator to meet handicapped compliance, if funding is requested.
- Cost estimate of the proposed site development necessary for the Reconfiguration of an existing high school.
- Plan approval letter from the CDE.
- Districtwide enrollment data on Form SAB 50-01 when requesting project assistance (if not previously submitted).
- If the request includes funding for 50 year old permanent buildings pursuant to Section 1859.78.6, a site diagram identifying all buildings to be modernized in the project. The diagram must specify those buildings that are at least 50 years old.

Prior to acceptance of an application for funding that includes a financial hardship request, the district must have its financial hardship status "pre-approved" by the Office of Public School Construction (OPSC). To apply for a financial hardship "pre-approval", consult the OPSC Web site at www.opsc.dgs.ca.gov.

If the district is requesting New Construction funding after the initial baseline eligibility was approved by the Board and the district's current CBEDS enrollment reporting year is later than the enrollment reporting year used to determine the district's baseline eligibility or adjusted eligibility, the district must complete a new Form SAB 50-01 based on the current year CBEDS enrollment data, and submit it to the OPSC with this form. A small district with 2,500 or less enrollment as defined in Section 1859.2 will not have its eligibility reduced for a period of three years from the date the district's baseline eligibility was approved by the Board as a result of reduction in projected enrollment.

For a list of the documents that must be submitted in order for the OPSC to deem a funding request for new construction or modernization complete and ready for OPSC processing, consult the SFP handbook and other information located on the OPSC Web site at www.opsc.dgs.ca.gov.

For purposes of completing this form for a Final Charter School Apportionment, a charter school shall be treated as a school district.

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 05/05/06/05)

SPECIFIC INSTRUCTIONS

The district must assign a Project Tracking Number (PTN) to this project. The same PTN is used by the OPSC, the DSA and the CDE for all project applications submitted to those agencies to track a particular project through the entire state application review process. If the district has already assigned a PTN to this project by prior submittal of the P&S to either the DSA or the CDE for approval, use that PTN for this application submittal. If no PTN has been previously assigned for this project, a PTN may be obtained from the OPSC Web site at www.opsc.dgs.ca.gov "PT Number Generator"

1. Type of Application

Check the appropriate box that indicates the type of School Facility Program (SFP) grant the district is requesting for purposes of new construction, modernization, a separate design and/or site apportionment, site apportionment as an environmental hardship or New Construction (Final Apportionment). If the application is for the modernization of school facilities and includes facilities that are eligible for an additional apportionment pursuant to Section 1859.78.8, include a site diagram with this application that specifies the age of each facility eligible for modernization. The diagram should also indicate the date of its original DSA plan approval and the date the facility received its prior modernization apportionment. If known include the project modernization number on the diagram. If the application is for modernization of a California School for the Deaf or Blind, the CDE shall check the box identified as Modernization of California Schools for the Deaf/Blind. If the request is for a separate design apportionment, the CDE shall check the appropriate box. If the eligibility for this project was established as a result of the need for new or replacement facilities pursuant to Section 1859.82 (a) and (b), or rehabilitation pursuant to Section 1859.83 (e), check the appropriate box.

If this request is for an addition to an existing site and advance funding for the evaluation and RA costs, check the appropriate box and refer to Section 1859.74.4.

If this request is to convert a Preliminary Apportionment or a Preliminary Charter School Apportionment to a Final Apportionment, check the New Construction (Final Apportionment or Final Charter School Apportionment) box.

If the district is requesting a separate site and/or design apportionment, complete boxes 2a, 3, 4, the site acquisition data in box 5 (d and e), and boxes 12, 13, 14, 15 and 21 only.

2. Type of Project

- Select the type of project that best represents this application request and enter the total number of pupils assigned to the project for each grade group. Include pupils to be housed in a new or replacement school authorized by Section 1859.82 (a). The amount entered cannot exceed the district's baseline eligibility determined on Form SAB 50-03 and will be the basis for the amount of the new construction or modernization grants provided for the project.

If this request is for a Final Apportionment, the pupils assigned to the project must be at least 75 percent, but not more than 100 percent, of the pupils that received the Preliminary Apportionment. Refer to Section 1859.147.

- Check the box if the project is eligible for funding for 50 year or older permanent buildings and report, at the option of the district:
 - The total number of eligible classrooms or the total eligible square footage building area at the site. Refer to Section 1859.78.6(b)(1)(A) or (b)(2)(A).

- The total number of permanent classrooms or the total permanent square footage building area that is at least 50 years old and not been previously modernized with state funds. Refer to Section 1859.78.6(b)(1)(B) or (b)(2)(B).
 - Enter the greater percentage as calculated under Regulation Section 1859.78.6(b)(1)(C) or Regulation Section 1859.78.6(b)(2)(C).
 - If this project includes eligible 50 year or older pupil grants, enter the appropriate number assigned to the project for each grade group. The number of pupils entered cannot exceed the cumulative number of 50 year or older permanent buildings pupil grants requested for all modernization funding applications for the site as determined by using the percentage factor above.
- Indicate if this request is for funding of a 6–8 school and/or an Alternative Education School.
 - Check the box(es) if the district requests and the project qualifies for additional funding for fire code requirements authorized in Sections 1859.71.2 or 1859.78.4.
 - Check the applicable box if the district is requesting additional pupil grants assigned to the project that exceed the capacity of the project or if the pupils assigned represent eligibility determined at another grade level and check the appropriate box to indicate under which regulation the district is applying. The pupil capacity of the project may be determined by multiplying the classrooms reported in box 3 by 25 for K–6; 27 for 7–8, 9–12 grades; 13 for non-severe and 9 for severe.
 - If the request is for replacement facilities pursuant to Section 1859.82 (a) or (b) on the same site, check the facility hardship box.

3. Number of Classrooms

Enter the:

- Number of classrooms as shown on the plans and specifications (P&S). If there was demolition at the site, report the net increase in the number of classrooms showing in the P&S.
- Master plan site size, as recommended by the California Department of Education.
- Recommended site size, as determined by the California Department of Education.
- Existing Useable Acres already owned at that location (if any).
- Proposed Useable Acres that was/will be purchased as part of the application (if any).

4. Financial Hardship Request

Check the box if the district is requesting financial hardship assistance because it is unable to meet its matching share requirement. Refer to Section 1859.81 for eligibility criteria. Districts requesting financial assistance must have received a pre-approval for financial hardship status by the OPSC. Consult the OPSC Web site at www.opsc.dgs.ca.gov for details and necessary documentation needed in order to determine eligibility.

5. New Construction Additional Grant Request

Check the appropriate box(es) if the district requests an augmentation to the new construction grant for "additional" grants for the items listed or for replacement facilities pursuant to Section 1859.82 (a) and (b). Refer to Sections 1859.72 through 1859.76 and 1859.82 (a) and (b) for eligibility criteria. Enter the:

- Therapy area in square feet as provided in Section 1859.72.
- Multilevel classrooms in the P&S pursuant to Section 1859.73.

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- c. Check the box if the district is requesting project assistance pursuant to Section 1859.73.1. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- d. Indicate the site scenario that best represents the project request. If no RA is required, refer to Section 1859.74. If a RA is required on a site that is not leased or an addition to an existing site, refer to Section 1859.74.2. If RAs are required on a leased site or an addition to an existing site, refer to Sections 1859.74.3 or 1859.74.4, respectively. The limitation of 50 percent may be exceeded when unforeseen circumstances exist, the CDE determines that the site is the best available site, and substantiation that the costs are the minimum required to complete the evaluation and RA.
 - (1) Enter 50 percent of the actual cost.
 - (2) Enter 50 percent of the appraised value of the site. If the request is made pursuant to Regulation Section 1859.74.5, enter 50 percent of the appraised value.
 - (3) Enter 50 percent of the allowable relocation cost.
 - (4) Enter two percent of the lesser of the actual cost or appraised value of the site (minimum \$25,000).
 - (5) Enter 50 percent of the Department of Toxic Substances Control (DTSC) fee for review and approval of the phase one environmental site assessment and preliminary endangerment assessment reports. Refer to Sections 1859.74, 1859.74.1, 1859.74.5, 1859.75, 1859.75.1 and 1859.81.1.

A project that received site acquisition funds under the Lease-Purchase Program (LPP) as a priority two project is not eligible for site acquisition funds under the SFP. A district-owned site acquired with LPP, SFP or Proposition 1A funds is not eligible for funding under Regulation Section 1859.74.5.
- e. Enter 50 percent of the amount allowable for hazardous materials/waste removal and/or remediation for the site acquired pursuant to Sections 1859.74.2, 1859.74.3, 1859.74.4, 1859.75.1 or 1859.81.1. If an RA is required, check the box.
- f. Enter 50 percent of eligible service-site development, off-site development including pedestrian safety paths and utilities costs allowed pursuant to Section 1859.76. Attach cost estimates of the proposed site development work which shall be supported and justified in the P&S. All cost estimates shall reflect 100 percent of the proposed work.
- g. If the district is requesting replacement facilities on the same site, enter the square footage requested as provided in Section 1859.82 (a) or (b).
- h. Enter the square feet of eligible replacement area as provided by Section 1859.73.2.
- i. If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.71.3, enter the percentage of energy efficiency that exceeds Title 24 requirements as prescribed in Section 1859.71.3 (a)(3).

6. Modernization Additional Grant Request

- a. Check the box if the district is requesting project assistance allowance pursuant to Section 1859.78.2. If the district has not submitted a request for new construction baseline eligibility on a district-wide basis, it must submit a current Form SAB 50-01 based on district-wide enrollment data with this form.
- b. If the district is requesting an Additional Grant for Energy Efficiency pursuant to Section 1859.78.5, enter the percentage of energy efficiency that exceeds Title 24 requirements as prescribed in Section 1859.78.5 (a)(3).

- c. Check the box if the district requests an additional grant for site development utility cost necessary for the modernization of 50 years or older permanent building(s). Enter 60 percent of the eligible costs allowable pursuant to Section 1859.78.7(a).

d. Check the box if the district is requesting a Separate Apportionment for Reconfiguration pursuant to Section 1859.78.9. Enter the full value of the Reconfiguration request, not to exceed an aggregate of \$500,000 for all high school entities created.

7. Excessive Cost Hardship Request

Check the appropriate box to request an augmentation to the New Construction or Modernization Grants for an excessive cost hardship for the items listed. Refer to Section 1859.83 for eligibility criteria. Requests for excessive cost grants for a new two-stop elevator(s) and for additional stops in a modernization project are allowed only if required by the Division of the State Architect (DSA). Attach copy of the DSA letter that requires that the elevator(s) be included in the project for handicapped access compliance.

If the request is for the excessive cost grant for a new Alternative Education school pursuant to Section 1859.83(c)(2) and the district wishes to request less than the maximum allowance, please submit a letter along with application indicating the desired amount.

If the request is for rehabilitation mitigation, report 80 percent or 60 percent (as appropriate) of health/safety rehabilitation mitigation cost for a modernization project as authorized by Section 1859.83 (e).

8. Project Priority Funding Order

Enter the priority order of this project in relation to other new construction applications submitted by the district on the same date. If applications are not received on the same date, the OPSC will assign a higher district priority to the application received first. Check the box(es) if the project meets the criteria outlined in Section 1859.92(c)(3),(4) and (6), as appropriate. This information is needed for purposes of priority points.

9. Prior Approval Under the LPP

If the project the district is requesting SFP grants for received a Phase P, S, or C approval under the LPP, report the application number of that project, regardless if the project actually received funding or was included on an "unfunded" list. Failure to report this information may delay the processing of the application by the OPSC.

10. Prior Apportionment Under the SFP

If the project received a separate apportionment under the SFP for either site and/or design, or site environmental hardship, enter the application number of the project. Failure to report this information may delay the processing of the application by the OPSC.

11. Preliminary Apportionment to a Final Apportionment

If this request is to convert a Preliminary Apportionment to a Final Apportionment, enter the application number of the Preliminary Apportionment. Failure to report this information may delay the processing of the application by the OPSC.

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12. Alternative Developer Fee

The district must report certain alternative fees collected pursuant to Government Code Section 65995.7, as of the date of application submittal to the OPSC. Refer to Section 1859.77 for details. Districts are advised that the OPSC may perform an audit of the developer fees collected prior to application approval by the Board.

13. Adjustment to Baseline Eligibility

Complete only for new construction projects.

Pursuant to Section 1859.51 certain adjustments to the district's new construction baseline eligibility must be made each time a district submits Form SAB 50-04, to the OPSC for SFP grants. These adjustments are made automatically by the OPSC based on information reported by the district on this form.

- a. Report all additional classroom(s) provided after the district submitted its request for determination of its new construction baseline eligibility for the grades shown. Refer to Section 1859.51.
- b. If the eligibility for this project was determined on a high school attendance area (HSAA) or Super HSAA pursuant to Section 1859.41, enter the number of pupils by grade level type that were included in the latest report by the CDE pursuant to Education Code Section 42268 that received operational grants in that HSAA or Super HSAA.

14. Pending Reorganization Election

Complete only for new construction projects. Indicate if there is a pending reorganization election that will result in a loss of eligibility for this project. If the answer is "yes", the district must complete Form SAB 50-01, Form SAB 50-02 and Form SAB 50-03, to adjust the district's new construction baseline eligibility as a result of the reorganization and submit them with this form.

15. Joint-Use Facility/Leased Property

Check the box if:

- a. The facilities to be constructed/modernized as part of this project will be for joint use by other governmental agencies.
- b. The new construction or modernization grants will be used for facilities located or to be located on leased property.

16. Project Progress Dates

Complete this section for new construction/modernization projects:

- a. Enter the date the initial construction contract was signed for this project. If a construction contract has not been executed, enter N/A.
- b. Enter the issue date for the Notice to Proceed for the construction phase of the project, or enter N/A if a Notice to Proceed has not been issued.

17. Labor Compliance Program

Indicate whether the district is subject to a Labor Compliance Program that has been approved by the Department of Industrial Relations pursuant to Labor Code Section 1771.7 by checking the appropriate box.

18. Construction Delivery Method

Check the box that best represents the construction delivery method that the district has or will use for this project, if known.

19. Architect of Record or Licensed Architect Certification

The architect of record or the licensed architect must complete this section.

20. Architect of Record or Design Professional Certification

The architect of record or the appropriate design professional must complete this section.

21. Certification

The district representative must complete this section. For additional information regarding district certifications, refer to the SFP handbook located on the OPSC web site at www.opsc.dgs.ca.gov.

**APPLICATION FOR FUNDING
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SAB 50-04 (REV 05/0506/05)

The school district named below applies to the State Allocation Board via the Office of Public School Construction for a grant under the provisions of Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et seq., of the Education Code and the Regulations thereto.

SCHOOL DISTRICT		APPLICATION NUMBER
SCHOOL NAME		PROJECT TRACKING NUMBER
COUNTY	DISTRICT REPRESENTATIVE'S E-MAIL ADDRESS	HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (IF APPLICABLE)

1. Type of Application—Check Only One

- ☐ New Construction
☐ New Construction (Final Apportionment)
☐ New Construction (Final Charter School Apportionment)
☒ **New Construction (Small High School Program)**
☐ Modernization
☐ Modernization of California Schools for Deaf/Blind

Separate Apportionment

- ☐ Site Only—New Construction [Section 1859.81.1]
☐ Site Only (District owned)—New Construction [Section 1859.81.2]
☐ Site Only—Environmental Hardship [Section 1859.75.1]
☐ Design Only—New Construction [Section 1859.81.1]
☐ Design Only—Modernization
☐ Design Only—Modernization of California Schools for Deaf/Blind
☐ Facility Hardship [Section 1859.82(a)]
☐ Facility Hardship [Section 1859.82(b)]
☐ Rehabilitation [Section 1859.83(e)]
☐ Advance Funding for Evaluation and RA

2. Type of Project

- a. ☐ Elementary School
☐ Middle School
☐ High School

Pupils Assigned:

K–6: _____
7–8: _____
9–12: _____
Non-Severe: _____
Severe: _____

- b. ☐ 50 Years or Older Building Funding (Modernization Only)

Total Eligible Classrooms/Square Footage: _____

Classroom/Square Footage at Least 50 Years Old: _____

Ratio of 50 Years-Old Classrooms/Square Footage: _____ %

From 2a above, how many are 50 Year or Older Pupil Grants?

K–6: _____
7–8: _____
9–12: _____
Non-Severe: _____
Severe: _____

- c. Is this a 6–8 school? ☐ Yes ☐ No

If you answered yes, how many K–6 pupils reported above are sixth graders? _____

Is this an Alternative Education School? ☐ Yes ☐ No

- d. ☐ Automatic Fire Detection/Alarm System
☐ Automatic Sprinkler System

- e. Is this a use of grant request pursuant to Section 1859.77.2? ☐ Yes ☐ No

Is this request pursuant to Section 1859.77.2(c)? ☐ Yes ☐ No

If yes, enter date of successful bond election: _____

Is this a use of grant request pursuant to Section 1859.77.3? ☐ Yes ☐ No

Is this request pursuant to Section 1859.77.3(c)? ☐ Yes ☐ No

If yes, enter date of successful bond election: _____

- f. ☐ Facility Hardship (no pupils assigned)

3. Number of Classrooms:

Master Plan Acreage Site Size (Useable): _____

Recommended Site Size (Useable): _____

Existing Acres (Useable): _____

Proposed Acres (Useable): _____

4. ☐ Financial Hardship Request—Must Have Pre-Approval by OPSC**5. New Construction Additional Grant Request—New Construction Only**

- a. Therapy: _____ Toilets (sq. ft.) _____

Other (sq. ft.) _____

- b. Multilevel Construction (CRS): _____

- c. ☐ Project Assistance

- d. Site Acquisition:

- ☐ Leased Site
☐ Additional Acreage to Existing Site
☐ Addition to Existing Site

(1) 50 percent Actual Cost: \$ _____

(2) 50 percent Appraised Value: \$ _____

(3) 50 percent Relocation Cost: \$ _____

(4) 2 percent (min. \$25,000): \$ _____

(5) 50 percent DTSC Fee: \$ _____

- e. 50 percent hazardous waste removal: \$ _____

- ☐ Response Action (RA)

- f. Site Development

☐ 50 percent Service-Site: \$ _____

☐ 50 percent Off-Site: \$ _____

☐ 50 percent Utilities: \$ _____

- g. Facility Hardship Section 1859.82(a) or (b)

☐ Toilet (sq. ft.): _____

☐ Other (sq. ft.): _____

- h. Replacement area

☐ Toilet (sq. ft.): _____

☐ Other (sq. ft.): _____

- i. ☐ Energy Efficiency: _____ %

**APPLICATION FOR FUNDING
SCHOOL FACILITY PROGRAM**

SAB 50-04 (REV 05/05/06/05)

6. Modernization Additional Grant Request—Modernization Only

- a. ☐ Project Assistance
- b. ☐ Energy Efficiency: _____ %
- c. ☐ Site Development—60 percent utilities: \$ _____
- d. ☐ Separate Apportionment for Reconfiguration
(for Small High School Program only): \$ _____

7. Excessive Cost Hardship Request**New Construction Only**

- ☐ Geographic Percent Factor: _____ %
- ☐ New School Project [Section 1859.83(c)(1)]
- ☐ New School Project [Section 1859.83(c)(2)]
- ☐ New School Project [Section 1859.83(c)(3)]
- ☐ Small Size Project
- ☐ Urban/Security/Impacted Site;
- If a new site, \$ _____ per Useable Acre [Section 1859.83(d)(2)(C)]

Modernization Only

- ☐ Rehabilitation/Mitigation [Section 1859.83(e)]: \$ _____
- ☐ Geographic Percent Factor: _____ %
- ☐ Handicapped Access/Fire Code (3 percent)
- ☐ Number of 2-Stop Elevators: _____
- ☐ Number of Additional Stops: _____
- ☐ Small Size Project
- ☐ Urban/Security/Impacted site

8. Project Priority Funding Order—New Construction Only

Priority order of this application in relation to other new construction applications submitted by the district at the same time: # _____

- Project meets: ☐ Density requirement pursuant to Section 1859.92(c)(3).
- ☐ Stock plans requirement pursuant to Section 1859.92(c)(4).
- ☐ Energy efficiency requirement pursuant to Section 1859.92(c)(6).

9. Prior Approval Under the LPP

New Construction: 22/ _____

Modernization: 77/ _____

10. Prior Apportionment Under the SFP

Site/Design—New Construction: 50/ _____

Design—Modernization: 57/ _____

11. Preliminary Apportionment to Final Apportionment

Preliminary Apportionment Application Number: # _____

12. Alternative Developer Fee—New Construction Only

Alternative developer fee collected and reportable pursuant to Regulation Section 1859.77: \$ _____

13. Adjustment to Baseline Eligibility—New Construction Only

- a. Additional Classroom(s) provided: K-6: _____
- 7-8: _____
- 9-12: _____
- Non-Severe: _____
- Severe: _____
- b. Operational Grant (HSAA) only: K-6: _____
- 7-8: _____
- 9-12: _____
- Non-Severe: _____
- Severe: _____

14. Pending Reorganization Election—New Construction Only

☐ Yes ☐ No

15. Joint-Use Facility/Leased Property

- a. ☐ Joint-Use Facility
- b. ☐ Leased Property

16. Project Progress Dates

- a. Construction Contract signed on: _____
- b. Notice to Proceed issued on: _____

17. Labor Compliance Program

Will you be required to initiate and enforce a Labor Compliance Program pursuant to Labor Code Section 1771.7 for this project? ☐ Yes ☐ No

18. Construction Delivery Method

- ☐ Design-Bid-Build
- ☐ Design-Build
- ☐ Developer Built
- ☐ Lease Lease-Back
- ☐ Energy Performance Contract
- ☐ Other: _____

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 05/05/06/05)

19. Architect of Record or Licensed Architect Certification

I certify as the architect of record for the project or as a licensed architect that:

- The P&S for this project were submitted to the OPSC by electronic medium (i.e., CD-ROM, zip disk or diskette) or as an alternative, if the request is for a modernization Grant, the P&S were submitted in hard copy to the OPSC.
- Any portion of the P&S requiring review and approval by the Division of the State Architect (DSA) were approved by the DSA on _____ (enter DSA approval date). (If the P&S were not approved by the DSA enter N/A.)
- Any portion of the P&S not requiring review and approval by the DSA meets the requirements of the California Code of Regulations, Title 24, including any handicapped access and fire code requirements.
- If the request is for a Modernization Grant, the P&S include the demolition of more classrooms than those to be constructed in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)
- If the request is for a Modernization Grant, the P&S include the construction of more classrooms than those to be demolished in the project, the difference is _____ classroom(s). (Indicate N/A if there are none.)

ARCHITECT OF RECORD OR LICENSED ARCHITECT (PRINT NAME)

SIGNATURE

DATE

20. Architect of Record or Design Professional Certification

I certify as the architect of record for the project or the appropriate design professional, that:

- If the request is for a New Construction Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S including deferred items (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share, less site acquisition costs. This cost estimate does not include site acquisition, planning, tests, inspection, or furniture and equipment and is available at the district for review by the OPSC.
- If the request is for a Modernization Grant, I have developed a cost estimate of the proposed project which indicates that the estimated construction cost of the work in the P&S, including deferred items and interim housing (if any) relating to the proposed project, is at least 60 percent of the total grant amount provided by the State and the district's matching share. This cost estimate does not include planning, tests, inspection or furniture and equipment and is available at the district for review by the OPSC.

ARCHITECT OF RECORD OR DESIGN PROFESSIONAL (PRINT NAME)

SIGNATURE

DATE

21. Certification

I certify, as the District Representative, that the information reported on this form, with the exception of items 16 and 17, is true and correct and that:

- I am an authorized representative of the district as authorized by the governing board of the district; and,
- A resolution or other appropriate documentation supporting this application under Chapter 12.5, Part 10, Division 1, commencing with Section 17070.10, et. seq., of the Education Code was adopted by the school district's governing board or the designee of the Superintendent of Public Instruction on, _____; and,
- The district has established a "Restricted Maintenance Account" for exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing and major maintenance plan that complies with and is implemented under the provisions of Education Code Section 17070.75 and 17070.77 (refer to Sections 1859.100 through 1859.102); and,
- Pursuant to Education Code Section 17070.755, the district has made a priority of the funds in the restricted maintenance account, established pursuant to Education Code Section 17070.75, to ensure that facilities are functional and meet local hygiene standards; and,
- The district has considered the feasibility of the joint use of land and facilities with other governmental agencies in order to minimize school facility costs; and,
- If this funding request is for the modernization of portable classrooms eligible for an additional apportionment pursuant to Education Code Section 17073.15, the district certifies that (check the applicable box below):
 - ☐ 1. The state modernization funds will be used to replace the portable classrooms and permanently remove the displaced portables from the classroom use within six months of the filing of the Notice of Completion for the project; or,
 - ☐ 2. It has provided documentation to the Office of Public School Construction which indicates that modernizing the portable classrooms eligible for an additional apportionment is better use of public resources than the replacement of these facilities.
- Facilities to be modernized have not been previously modernized with Lease-Purchase Program, Proposition 1A Funds or School Facility Program state funds; and,
- All contracts entered on or after November 4, 1998 for the service of any architect structural engineer or other design professional for any work under the project have been obtained pursuant to a competitive process that is consistent with the requirements of Chapter 10 (commencing with Section 4525) of Division 5, of Title 1, of the Government Code; and,
- If this request is for new construction funding, the district has received approval of the site and the plans from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- If this request is for modernization funding, the district has received approval of the plans for the project from the CDE. Plan approval is not required if request is for separate design apportionment; and,
- The district has or will comply with the Public Contract Code regarding all laws governing the use of force account labor; and,
- This district has or will comply with Education Code Section 17076.11 regarding at least a 3 percent expenditure goal for disabled veteran business enterprises; and,

APPLICATION FOR FUNDING SCHOOL FACILITY PROGRAM

SAB 50-04 (REV 05/0506/05)

- The district matching funds required pursuant to Sections 1859.77.1 or 1859.79 has either been expended by the district, deposited in the County School Facility Fund or will be expended by the district prior to the notice of completion for the project; and,
- The district has received the necessary approval of the plans and specifications from the Division of the State Architect unless the request is for a separate site and/or design apportionment; and,
- If the district is requesting site acquisition funds as part of this application, the district has complied with Sections 1859.74 through 1859.75.1 as appropriate; and,
- With the exception of an apportionment made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 18 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105); and,
- If the apportionment for this project was made pursuant to Section 1859.75.1, the district understands that the lack of substantial progress toward increasing the pupil capacity or renovation of its facilities within 12 months of receipt of any funding shall be cause for the rescission of the unexpended funds (refer to Section 1859.105.1); and,
- The district understands that funds not released within 18 months of apportionment shall be rescinded and the application shall be denied (refer to Section 1859.90); and,
- The statements set forth in this application and supporting documents are true and correct to the best of my knowledge and belief; and,
- All school facilities purchased or newly constructed under the project for use by pupils who are individuals with exceptional needs, as defined in Education Code Section 56026, shall be designed and located on the school site so as to maximize interaction between those individuals with exceptional needs and other pupils as appropriate to the needs of both; and,
- This form is an exact duplicate (verbatim) of the form provided by the OPSC. In the event a conflict should exist, the language in the OPSC form will prevail; and,
- The district understands that some or all of the State funding for the project must be returned to the State as a result of an audit pursuant to Sections 1859.105, 1859.105.1, 1859.106; and,
- The district has complied with the provisions of Sections 1859.76 and 1859.79.2 and that the portion of the project funded by the State does not contain work specifically prohibited in those Sections; and,
- If the SFP grants will be used for the construction or modernization of school facilities on leased land, the district has entered into a lease agreement for the leased property that meets the requirements of Section 1859.22; and,
- If the application contains a "Use of New Construction Grant" request, the district has adopted a school board resolution and housing plan at a public hearing at a regularly scheduled meeting of the governing board on _____ as specified in Sections 1859.77.2, or 1859.77.3, as appropriate. The district's approved housing plan is as indicated (check all that apply):
 - ☐ 1. The district will construct or acquire facilities for housing the pupils with funding not otherwise available to the SFP as a district match within five years of project approval by the SAB and the district must identify the source of the funds. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
 - ☐ 2. The district will utilize higher district loading standards providing the loading standards are within the approved district's teacher contract and do not exceed 33:1 per classroom. [Applicable for Sections 1859.77.2(a) and (b) and 1859.77.3(a) and (b)]
 - ☐ 3. The pupils requested from a different grade level will be housed in classrooms at an existing school in the district which will have its grade level changed, to the grade level requested, at the completion of the proposed SFP project. [Applicable for Sections 1859.77.2(b) and 1859.77.3(b)]
- If the district requested additional funding for fire code requirements pursuant to Sections 1859.71.2 or 1859.78.4, the district will include the automatic fire detection/alarm system and/or automatic sprinkler system in the project prior to completion of the project; and
- If this request is for a Large New Construction Project or a Large Modernization Project, the district has consulted with the career technical advisory committee established pursuant to Education Code Section 8070 and it has considered the need for vocational and career technical facilities to adequately meet its program needs in accordance with Education Code Sections 51224, 51225.3(b) and 52336.1; and
- If the district is requesting an Additional Grant for Energy Efficiency pursuant to Sections 1859.71.3 or 1859.78.5, the increased costs for the energy efficiency components in the project exceeds the amount of funding otherwise available to the district; and
- If this application is submitted after January 1, 2004 for modernization funding, the district has considered the potential for the presence of lead-containing materials in the modernization project and will follow all relevant federal, state, and local standards for the management of any identified lead; and
- The district has or will initiate and enforce a Labor Compliance Program that has been approved by the Department of Industrial Relations, pursuant to Labor Code Section 1771.7, if the project is funded from Propositions 47 or 55 and the Notice to Proceed for the construction phase of the project is issued on or after April 1, 2003; and
- Beginning with the 2005/2006 fiscal year, the district has complied with Education Code Section 17070.75(e) by establishing a facilities inspection system to ensure that each of its schools is maintained in good repair; and
- If this application is submitted pursuant to Section 1859.93.2, the district certifies that it has an academic reform strategy scored by the CDE, and is available at the district office for OPSC verification; and
- If this application is submitted pursuant to Section 1859.93.2, the district certifies the enrollment at the Small High School will not exceed 500 pupils for a minimum of two complete school years after the Occupancy of the last Small High School funded, as outlined in Section 1859.104(e)(2); and
- If this application is submitted pursuant to Section 1859.78.9, the district certifies the enrollment at the resulting Small High Schools will not exceed 500 pupils for a minimum of two complete school years after the Occupancy of the Small High Schools; and
- If this application is submitted pursuant to Section 1859.78.9 or Section 1859.93.2, the district certifies that it will meet all reporting requirements as specified in Section 1859.104(e)(1) and/or (2).

SIGNATURE OF DISTRICT REPRESENTATIVE

DATE

Assembly Bill No. 1465

CHAPTER 894

An act to amend Section 17070.15 of, to amend, repeal, and add Sections 17072.10, 17072.30, and 17072.32 of, to add Section 17070.99 to, and to add and repeal Section 17074.32 of, the Education Code, relating to school facilities.

[Approved by Governor September 29, 2004. Filed
with Secretary of State September 29, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1465, Chan. School facilities: new construction and modernization: small high schools.

Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires the board to determine an applicant's maximum total new construction grant eligibility under a specified calculation and requires the board to annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes.

Existing law precludes reduction of enrollment projections for a 3-year period, and requires the board to approve a supplemental apportionment, for an applicant school district having an enrollment of 2,500 or less.

This bill would provide that, commencing January 1, 2006, for a small high school, as defined, that meets certain criteria to be established by regulations adopted by the board, the maximum total new construction grant shall be adjusted to reflect 120% of the amounts determined pursuant to the above calculations, except as provided. The bill would establish this adjustment on a pilot program basis until January 1, 2008, and would require the board to set aside \$20,000,000 for this purpose from the proceeds of certain state bonds.

Existing law prohibits the board from apportioning funds for new construction unless certain conditions are met, including, but not limited to, the requirement that the school district, prior to the release of state funds, certify that the required 50% local matching funds will be deposited or expended.

This bill would, instead, until January 1, 2008, for a project for construction of a small high school, as provided, authorize

apportionment to a school district only if the school district certifies that the required 40% local matching funds will be deposited or expended.

Existing law authorizes the release of funds equal to the local match upon certification by the school district that it has entered into a binding contract for completion of the project.

This bill would, until January 1, 2008, for a project to construct a small high school, as provided, authorize the release of funds equal to 60% of the total approved project costs.

Existing law requires the board to determine an applicant's total modernization funding eligibility under a specified calculation and requires the board to annually adjust the calculation factors to reflect inflation, as provided.

This bill would, until January 1, 2008, authorize additional modernization funding for a high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into 2 or more small high schools, to assist with costs generated by the reconfiguration. The bill would require the board to set aside \$5,000,000 for this purpose from the proceeds of certain state bonds and to adopt implementing regulations, and would limit the amount of funding for a single project.

This bill would require the board to conduct an evaluation on the cost of new construction and modernization of small high schools, as provided, and would require the State Department of Education to conduct an evaluation that focuses on pupil outcomes at the small high schools, as provided, and on the reasons school districts do not currently opt to build small high schools.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Research has shown that school size is an important predictor of pupil success, second only to socioeconomic status. The research literature clearly states the superiority of small schools as learning environments. In small schools all of the following occur:

(A) Dropout and truancy rates dramatically decrease and graduation rates and postsecondary education enrollment rates increase.

(B) Parents are much more likely to be involved in the school and to have greater participation in decisionmaking.

(C) Pupils experience a greater sense of belonging and are more satisfied with their schools.

(D) Fewer discipline problems occur.

(E) Crime, violence, and gang participation decrease.

(F) Incidences of alcohol and tobacco abuse decrease.



(G) Pupil attendance increases.

(2) A recent study of large and small schools in four states has shown that smaller schools reduce the damaging effects of poverty and help pupils narrow the achievement gap between them and pupils from more affluent communities.

(3) Reducing school size has also been shown to significantly increase the likelihood of success of school reform efforts. Small schools are more effective at staff development and in implementing new curriculum.

(4) Based upon the research on the benefits of small schools, the United States Department of Education has created the Smaller Learning Communities Program and is currently providing a small number of planning and implementation grants to school districts across the country to support the development of small schools and small learning communities.

(5) Other states have recognized the value of small schools and have developed state policy to encourage small schools development. In Florida, for example, all schools built after 2003 will be small schools.

(6) Many parent groups and school districts in the state, including Oakland, Sacramento, San Jose, Los Angeles, and San Francisco, have initiated efforts to create small schools. These efforts include the creation of new small schools on new sites as well as the reconfiguration of existing schools into small schools and small learning communities.

(7) The trend in California, over the last few decades, has been to build larger and larger schools. For example, in 2000, more than 73 percent of California high schools had more than 1,000 pupils and more than 57 percent of middle schools had more than 800 pupils.

(8) The trend to build large schools has been driven by California's rapidly growing population and by the assumption that large schools are more cost effective.

(9) Research, however, has also shown that small schools, due to lower dropout rates and factors such as reduced school violence, can be more cost effective in per pupil spending than large schools.

(b) It is therefore the intent of the Legislature to enact changes in state law to create an incentive for school districts to establish smaller learning communities through increasing the state's share of schools facilities funding for the construction of new small schools and for the reconfiguration of existing schoolsites to support smaller learning communities.

SEC. 2. Section 17070.15 of the Education Code is amended to read:



17070.15. The following terms, wherever used or referred to in this chapter, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) “Apportionment” means a reservation of funds for the purpose of eligible new construction, modernization, or hardship approved by the board for an applicant school district.

(b) “Attendance area” means the geographical area serving an existing high school and those junior high schools and elementary schools included therein.

(c) “Board” means the State Allocation Board as established by Section 15490 of the Government Code.

(d) “Department” means the Department of General Services.

(e) “Committee” means the State School Building Finance Committee established pursuant to Section 15909.

(f) “Modernization” means any modification of a permanent structure that is at least 25 years old, or in the case of a portable classroom, that is at least 20 years old, that will enhance the ability of the structure to achieve educational purposes.

(g) “Property” includes all property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of this chapter.

(h) “School district” means a school district or a county office of education. For purposes of determining eligibility under this chapter, “school district” may also mean a high school attendance area.

(i) “Fund” means the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, established pursuant to Section 17070.40.

(j) “County fund” means a county school facilities fund established pursuant to Section 17070.43.

(k) “Portable classroom” means a classroom building of one or more stories that is designed and constructed to be relocatable and transportable over public streets, and with respect to a single story portable classroom, is designed and constructed for relocation without the separation of the roof or floor from the building and when measured at the most exterior walls, has a floor area not in excess of 2,000 square feet.

(l) “School building capacity” means the capacity of a school building to house pupils.

(m) “Small high school” means a high school with a total enrollment of no more than 500 pupils.

SEC. 3. Section 17070.99 is added to the Education Code, to read:

17070.99. (a) The board shall conduct an evaluation on the cost of new construction and modernization of small high schools in

conjunction with the pilot program established pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(b) The State Department of Education shall conduct an evaluation that focuses on pupil outcomes, including, but not limited to, academic achievement and college attendance rates, at the small high schools constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005, and on the reasons school districts do not currently opt to build small high schools.

(c) The evaluations required pursuant to subdivisions (a) and (b) shall be completed no later than two years after the opening of the last small high school constructed pursuant to subdivision (c) of Section 17072.10, as it read on January 1, 2005.

(d) The evaluations conducted pursuant to subdivisions (a) and (b) shall be used to inform the direction of future school facilities construction and related bond measures.

SEC. 4. Section 17072.10 of the Education Code is amended to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.

(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) (1) Commencing January 1, 2006, notwithstanding subdivisions (a) and (b), for a small high school, the maximum total new construction grant shall be adjusted to reflect 120 percent of the amounts determined pursuant to subdivisions (a) and (b). The board shall adopt regulations, in consultation with the Superintendent of Public Instruction, to establish criteria to ensure that this adjustment is available to multiple small high schools on a pilot program basis and only for those applicant school districts that propose to build a small high school as part of an academic reform strategy that focuses on the positive outcomes that small high schools encourage. The board shall set aside a total amount of twenty million dollars (\$20,000,000) for this purpose from the proceeds of state bonds approved by the voters pursuant to the



Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)). The board shall also adopt regulations, in consultation with the Superintendent of Public Instruction, to implement the pilot program, including, but not limited to, allowing a sufficient filing period for applications in order to ensure that the pilot program encompasses school districts from the northern, southern, and central regions of the state and from urban, suburban, and rural areas so that the pilot program participants are broadly representative of the state.

(2) Paragraph (1) does not apply in those circumstances where a small high school would otherwise have been built because of sparse population in the geographical area.

(d) The board may adopt regulations to be effective until July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026. The regulations shall be amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15.

(e) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(f) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2001 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(g) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 5. Section 17072.10 is added to the Education Code, to read:

17072.10. (a) The board shall determine the applicant's maximum total new construction grant eligibility by multiplying the number of unhoused pupils calculated pursuant to Article 3 (commencing with Section 17071.75) in each school district with an approved application for new construction, by the per-unhoused-pupil grant as follows:

(1) Five thousand two hundred dollars (\$5,200) for elementary school pupils.



(2) Five thousand five hundred dollars (\$5,500) for middle school pupils.

(3) Seven thousand two hundred dollars (\$7,200) for high school pupils.

(b) The board shall annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes, as set forth in the statewide cost index for class B construction as determined by the board.

(c) Any regulations adopted by the board prior to July 1, 2000, that adjust the amounts identified in this section for qualifying individuals with exceptional needs, as defined in Section 56026, as amended after July 1, 2000, in consideration of the recommendations provided pursuant to Section 17072.15, shall continue in effect.

(d) The board may establish a single supplemental per-unhoused-pupil grant in addition to the amounts specified in subdivision (a) based on the statewide average marginal difference in costs in instances where a project requires multilevel school facilities due to limited acreage. The district's application shall demonstrate that a practical alternative site is not available.

(e) For a school district having an enrollment of 2,500 or less for the prior fiscal year, the board may approve a supplemental apportionment of up to seven thousand five hundred dollars (\$7,500) for any new construction project assistance. The amount of the supplemental apportionment authorized pursuant to this subdivision shall be adjusted in 2008 and every year thereafter by an amount equal to the percentage adjustment for class B construction.

(f) This section is operative January 1, 2008.

SEC. 6. Section 17072.30 of the Education Code is amended to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) Notwithstanding subdivision (a), subject to the availability of funds, the board shall, for a project to construct a small high school pursuant to subdivision (c) of Section 17072.10, apportion funds to an eligible school district only upon approval of the project by the Department of General Services pursuant to the Field Act, as defined in

Section 17281, and certification by the school district that the required 40 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to 40 percent of the total project costs pursuant to this chapter, prior to release of the state funds.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 7. Section 17072.30 is added to the Education Code, to read:

17072.30. (a) Subject to the availability of funds, and to the determination of priority pursuant to Section 17072.25, if applicable, the board shall apportion funds to an eligible school district only upon the approval of the project by the Department of General Services pursuant to the Field Act, as defined in Section 17281, and certification by the school district that the required 50 percent matching funds from local sources have been expended by the district for the project, or have been deposited in the county fund, or will be expended by the district by the time the project is completed, in an amount at least equal to the proposed apportionment pursuant to this chapter, prior to release of the state funds.

(b) This section is operative January 1, 2008.

SEC. 8. Section 17072.32 of the Education Code is amended to read:

17072.32. (a) For any project that has received an apportionment pursuant to subdivision (a) of Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(b) Notwithstanding subdivision (a), for any project for construction of a small high school, pursuant to subdivision (c) of Section 17072.10, that has received an apportionment pursuant to subdivision (b) of Section 17072.30, funding shall be released in amounts equal to 60 percent of the total project costs upon certification by the school district that the school district has entered into a binding contract for completion of the approved project.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

SEC. 9. Section 17072.32 is added to the Education Code, to read:

17072.32. (a) For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school



district that the school district has entered into a binding contract for completion of the approved project.

(b) This section is operative January 1, 2008.

SEC. 10. Section 17074.32 is added to the Education Code, to read:

17074.32. (a) A high school with an enrollment of 1,000 or more pupils that is seeking to reconfigure into two or more small high schools, as defined in subdivision (m) of Section 17070.15, shall be eligible for additional modernization funding to assist with costs generated by the reconfiguration. Reconfiguration can specifically allow some limited new construction necessary to accommodate the reconfiguration. The board shall set aside a total amount of five million dollars (\$5,000,000), from the proceeds of state bonds approved by the voters pursuant to the Kindergarten-University Public Education Facilities Bond Act of 2002 (Part 68.1 (commencing with Section 100600)) and the Kindergarten-University Public Education Facilities Bond Act of 2004 (Part 68.2 (commencing with Section 100800)), for purposes of this additional modernization funding and no single project shall be granted, in the aggregate, more than five hundred thousand dollars (\$500,000).

(b) The board shall adopt regulations to implement this section.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends that date.

